

Altino Properties, Inc.
Documents Produced to the
U.S. Environmental Protection Agency
On April 24, 2008
Pursuant to the 104(e) Request

**Lease between the Washington State Department of Natural
Resources and Quendall Terminals**

USEPA SF



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Extra copy

STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES
Brian J. Boyle
Commissioner of Public Lands
Olympia, Washington 98504

Printed

HARBOR AREA LEASE NO. 2627

BY THIS LEASE, by and between the STATE OF WASHINGTON, acting by and through the Department of Natural Resources, hereinafter called the Lessor and QUENDALL TERMINALS, hereinafter called the Lessee, the Lessor leases to the Lessee on the terms and condition as hereinafter set forth, the following described harbor area situate in King County, Washington, to wit:

As shown on "Exhibit A" attached hereto and, by this reference, made a part of this lease.

SECTION 1 OCCUPANCY

1.1 Term. This lease shall commence on the 1st day of October, 1984 and continue to the 1st day of October, 1996.

SECTION 2 USE OF PREMISES

2.1 Permitted Use. The Lessee shall have use of the leased premises for the purposes of log storage, as shown on the exhibits approved by the Lessor and on file in the office of the Lessor.

\$3675.00 = 21.44 acres

SECTION 3 PAYMENT

\$171.00 per acre

3.1 Rental. Annual rental in the amount of \$3,675.00, as determined by the Lessor, in accordance with Chapter 221, Laws of 1984, or as amended by subsequent legislation.

3.2 Payment. The payment of the rental fixed to the Lessor each year in advance, is the essence of this lease, and the same shall be, and is a condition precedent to the execution and continuance of this lease or any rights thereunder. Payment is to be made to the Department of Natural Resources, Olympia, Washington 98504.

3.3 Adjustment of Rent. The Lessor shall at the end of the first four (4) year period of the lease term and at the end of each subsequent four (4) year period of the lease term, determine the annual rental in accordance with Chapter 221, Laws of 1984, or as amended by subsequent legislation.

3.4 Leasehold Tax. The Lessee shall pay to the Lessor at Olympia, Washington 98504, the leasehold tax, if applicable, as set forth in chapter 61, Laws of 1976, 2nd Ex. Sess., or as may be amended. The tax shall be due and payable at the same time the rental charged herein is due and payable. Failure to pay said tax when due and payable shall be considered a breach of the provisions of this lease and the Lessor shall be entitled to all remedies they are entitled to by law, and the remedies provided herein for a breach of a provision of this lease. Any delinquent taxes shall be a debt to the Lessor and in the event the Lessor is subject to any penalties or interest because of the failure of the Lessee to pay such taxes, such penalties and interest shall be payable by the Lessee to the Lessor and shall be considered a debt to the Lessor. In the event the Lessor suffers any costs of whatsoever nature, including attorney fees, or other costs of litigation in collecting said tax, such cost shall be payable by the Lessee and shall be considered

Non-compliance with this clause by the Lessee shall constitute a breach of this lease and the Lessor may initiate appropriate formal or informal action to assure compliance or may, at its discretion, terminate this lease upon 30 days notice to Lessee setting forth the claimed violation or violations and giving the Lessee a right to appeal to the Commissioner of Public Lands for a contested case hearing in accordance with the State Administrative Procedures Act (RCW 34.04).

4.2 Regulations. The Lessor shall have the right to regulate, under rules established by it, maintenance and design requirements of all improvements, rates of wharfage, dockage and other tolls to be imposed by the Lessee upon commerce for any of the purposes for which leased harbor areas may be used, and to change such regulations and rates from time to time.

4.3 Termination. The Lessor shall have the right to terminate this lease upon breach of any of the terms or conditions contained herein, including the obligation to pay the specified rental contained herein, or for the failure or refusal to erect within a reasonable time hereafter and continuously to operate and maintain in and upon the harbor area herein described the wharfs, docks, buildings or other structures represented in the exhibits of improvements proposed to be erected therein, which have heretofore been filed with the Lessor, or as altered with the consent and approval of the Lessor and entered upon its records. In addition, the Lessor shall have the right to terminate this lease for violation of any State or federal law, rule, regulation, order or permit required thereunder governing the uses authorized pursuant to the terms of this lease.

4.4 Improvements. No improvement shall be placed upon the harbor area without the prior written authorization of the Lessor. Authorized improvements constructed or placed on the leased premises during the term of this lease by the Lessee, unless otherwise specified, are the property of the Lessee. Upon the termination or expiration of this lease, the Lessee agrees to sever, remove and dispose of those improvements designated by the Lessor on the premises, within six months from date of termination or expiration. In those cases where the Lessor requires removal of improvements and such action is not taken by the Lessee, the Lessee agrees that the Lessor may remove such improvements and charge the Lessee for cost of removal and disposal. All improvements allowed to remain on the area herein described, upon termination or expiration of this lease, shall be the property of the Lessor.

4.5 Acquisition. The Lessor reserves unto itself, port district, county, city or other public agency in the territory where the portion of the harbor area described in this lease is located, the right to assume and thereafter hold this lease upon acquirement of the tidelands contiguous thereto and fronting thereon, without any value for said lease except for improvements thereon where such improvements are owned by the Lessee.

4.6 Entry. The Lessor shall have access to the premises at all reasonable times for the purpose of securing compliance with the terms and conditions of this lease.

4.7 Access. The Lessor reserves the right of access to and across the leasehold premises for all purposes and further reserves the right to grant easements and other land uses on the premises to others when the easement or other land uses applied for will not unduly interfere with the use to which the Lessee is putting the premises, or interfere unduly with the approved plan of development for the premises. No easement or other land uses shall be granted to third parties, until damages to the lease holder have been paid to the Lessee, or waiver signed by the Lessee.

4.8 Restrictions on Use. In connection with use of the premises, the Lessee shall:

- (1) Conform to applicable laws and regulations of any public authority affecting the premises and the use thereof, and correct at the Lessee's own expense, any failure of compliance created through the Lessee's fault, or by reason of the Lessee's use.
- (2) Remove no valuable material without prior written consent of the Lessor.
- (3) Not make or suffer to be made, any filling in of the leased area or any deposit of rock, earth, ballast, refuse, garbage or other matter within such area except as approved in writing by the Lessor.

result in a change in the present control of the corporation or partnership by the person or persons now owning a majority of the shares, or change in the holding of the corporation or partnership interest, the same shall constitute an assignment of this lease and as such shall require prior written consent of the Lessor. Failure to obtain written approval of any assignment defined in this lease shall be grounds for cancellation.

5.2 Maintenance.

(1) The Lessee, at his sole cost and expense, shall at all times keep, or cause all improvements (regardless of ownership) to be kept, in as good condition and repair as originally constructed or as hereafter put, except for reasonable use.

(2) The Lessee shall not allow debris or refuse to accumulate on the leased premises, caused either by himself or any person authorized on the premises by the Lessee. Failure to comply with this provision shall be cause to permit the Lessor to remove the debris and refuse and collect the cost of such removal from the Lessee and/or cancel this lease.

5.3 Condition of Premises and Liability.

(1) The premises have been inspected by the Lessee and are accepted in their present condition. Lessee agrees to defend and hold Lessor harmless from any and all claims suffered, or alleged to be suffered on the premises, or arising out of operations on the premises.

(2) The Lessee shall carry with a responsible company or companies satisfactory to the State, a sufficient amount of fire and casualty insurance to recover the value of any or all improvements located on the leased premises. A copy of such insurance policy or policies is to be endorsed and delivered to the State with provision of ten (10) days' notice of change, expiration and/or cancellation to the State. In the event of fire or casualty damage to any improvement owned by the State, or required to be left on the leased premises at the expiration of this lease, the paid insurance benefits shall be used to immediately replace said improvements in a manner acceptable to the State or, if directed by the State, rehabilitate the area in a manner suitable to the State. Any portion of the insurance proceeds not so utilized shall be returned to the State or if so permitted, to be used to satisfy any outstanding obligations incurred by reason of this lease being utilized for loan security. In the event of fire or casualty damage to any improvement owned by the Lessee, the paid insurance benefits shall be used to either replace the improvement, or in lieu thereof, rehabilitate the area in a manner suitable to the State. The Lessee shall guarantee that all sublessees shall have provisions to either replace their own damaged improvements or to rehabilitate the area as defined above.

5.4 Assessments. The Lessee shall pay all the annual payments on all assessments that may be legally charged, whether or not such assessments have been levied against the leasehold or the Lessor by the assessing agency.

5.5 Insolvency of Lessee. If the Lessee becomes insolvent, bankrupt, a receiver appointed, or his interest is transferred by operation of law, the Lessor may cancel this lease at its option. Insolvency as used herein, will mean the inability of the Lessee to meet obligations as they come due.

SECTION 6 MISCELLANEOUS

6.1 No Partnership. The Lessor is not a partner nor a joint venturer with the Lessee in connection with the business carried on under this lease and shall have no obligation with respect to the Lessee's debts or other liabilities.

6.2 Non-Waiver. Waiver by either party of strict performance or any provisions of this lease shall not be a waiver of, nor prejudice the party's right to require strict performance of the same provision in the future, or of any other provision.

6.3 Attorney Fees. If suit or action is instituted in connection with any controversy arising out of this lease, the prevailing party shall be entitled to recover, in addition to costs, such sum as the court may adjudge reasonable as attorney fees.

6.6 Liens.

(1) No person shall have the right to file or place any lien of any kind or character upon the land or improvements within the leasehold premises without the prior written consent of the Lessor.

(2) In the event liens or other charges are placed on the leasehold premises, including land or improvements, arising out of the Lessee's actions directly or indirectly, the Lessee shall immediately cause such liens or charges to be discharged. The Lessor may forthwith cancel this lease if Lessee fails to discharge such liens or charges after ten days' notice to do so by the Lessor. The Lessee shall pay and indemnify the Lessor for all costs, damages or charges of whatsoever nature, including attorneys' fees necessary to discharge such liens or charges, whether such costs, damages or charges are incurred prior or subsequent to any cancellation of this lease.

6.7 Litigation. In the event this lease, its terms, its use, its occupation or it in any way becomes a matter of litigation, the Lessor shall be notified of such litigation within fifteen days after such litigation is begun. Failure to notify the Lessor of such action shall be cause for cancellation or termination of this lease.

6.8 Lessor's Right to Cure Defaults.

(1) If the Lessee fails to perform any requirements or obligations under this lease, the Lessor shall have the option to correct the obligation of the lease after thirty days' written notice to the Lessee. All of the Lessor's expenditures to correct the default shall be reimbursed by the Lessee on demand, with interest at the rate of one percent per month accrued from the date of expenditure by the Lessor.

(2) In the event any violation or breach of the provisions of this lease is causing damage to the leasehold premises or the Lessee is utilizing the leasehold premises in a manner not permitted by the provisions of this lease, or in any case damages are occurring to the leasehold premises, the Lessor may immediately enter upon the leasehold premises and take such action as necessary to cease such damages or use. In the event the damages or use is occurring by reason of a violation or breach of the provisions of this lease, the Lessee shall be liable for all costs incurred by the Lessor by reasons of such violations. The Lessor, at its option may send notice to the Lessee of such violations and the Lessee shall immediately cease such use or violation and correct and remedy such violations.

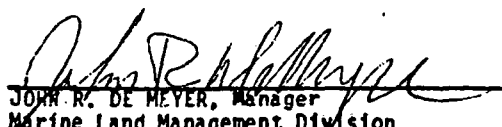
6.9 Bond. Lessee shall furnish a bond in the amount of \$7,000.00 as a guarantee of the performance of all the conditions set up and prescribed in this lease in all and every part thereof.

6.10 Legislative Changes. The Lessee further agrees that the provisions contained in paragraphs 3.1, 3.3 and 4.4 shall be subject to any changes in legislation affecting rental rates and improvements.

The Lessee expressly agrees to all covenants herein, and binds himself for the payment hereinbefore specified.

Executed this 1st day of April, 1985.

STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES


JOHN R. DE MEYER, Manager
Marine Land Management Division
For BRIAN J. BOYLE, Commissioner

Signed this 30 day of January, 1985.

POWER OF ATTORNEY



KNOW ALL MEN BY THESE PRESENTS:

That GULF INSURANCE COMPANY, a corporation of the State of Missouri, hereinafter called Company, Does hereby appoint

JUNE L. BAIONI, SAN FRANCISCO, CALIFORNIA

As true and lawful Attorney-in-fact to make, execute, seal and deliver on its behalf, as surety, any and all bonds and undertakings of Suretyship.

The execution of such bonds or undertakings in pursuance of these presents shall be as binding upon the Company as if they had been executed and acknowledged by the regularly elected officers of the Company.

This Power of Attorney is issued pursuant to and by authority of the following resolution of the Board of Directors of the Company, adopted effective September 29, 1961, and now in full force and effect:

"Resolved that the President or any Vice President or any Secretary may appoint Attorneys-in-fact in any State, Territory or Federal District to represent this company and act on its behalf within the scope of the authority granted to them in writing, which authority may include the power to make, execute, seal and deliver on behalf of this Company as surety, and as its act and deed any and all bonds and undertakings of suretyship and other documents that the ordinary course of surety business may require, including authority to appoint agents for the service of process in any jurisdiction, State or Federal and authority to affix to the signature of the President or any Vice President or any Secretary and to verify any affidavit or other statement relating to the foregoing, and to certify to a copy of any of the by-laws of the Company and to any resolutions adopted by its Board of Directors; and any such Attorney-in-fact may be removed and the authority granted him revoked by the President or any Vice President or any Secretary or by the Board of Directors."

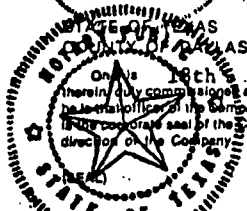
This Power of Attorney and Certificate of Authority is signed and sealed by facsimile under and by authority of the following resolution voted by the Board of Directors of the Gulf Insurance Company at a meeting duly called and held on the 24th of July, 1973.

"Resolved that the signatures of Warren J. Kweder, President, or of Frederick Boger, Senior Vice President, or of Arthur C. Warden, Vice President, or of Jack W. Maynard, Vice President, or of William E. Elston, Vice President, or of Douglas Simpson, Secretary, or of R. C. Featherston, Secretary, and the seal of the Company may be affixed by facsimile to any power of attorney or to any certificate relating thereto appointing Attorneys-in-fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and any such power of attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached."

Whereof, the Company has caused this Power of Attorney to be signed and its corporate seal to be affixed by its authorized officer this 18th day of December 19 79

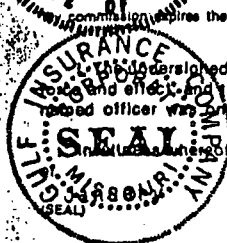


By Jack W. Maynard
JACK W. MAYNARD VICE PRESIDENT



On this 18th day of December 19 79, before me, a Notary Public of the State and County aforesaid, residing therein, duly commissioned and sworn, personally came the above named officer of the Company, who being by me first duly sworn according to law, did depose and say that he is the officer of the Company described in and which executed the foregoing instrument; that he knows the seal of the Company; that the seal affixed to such instrument is the corporate seal of the Company; and that the corporate seal and his signature as such officer were affixed and subscribed to the said instrument by the authority and direction of the Company.

Clifford R. Beard
CLIFFORD R. BEARD NOTARY PUBLIC
1980



I, the undersigned, do hereby certify that the original Power of Attorney of which the foregoing is a true and correct copy is in full force and effect, and the foregoing resolution is a true and correct transcript from the records of the Company, and that the above stated officer was on the date of execution of the foregoing Power of Attorney authorized to execute this Power of Attorney.

I have hereunto subscribed by name and affixed the corporate seal of the Company this 28th day

19 85

Douglas Simpson
DOUGLAS SIMPSON SECRETARY

STATE LEASE/CONTRACT

BOND NO. 56 45 28

Premium: \$350.00/3 Years

KNOW ALL MEN BY THESE PRESENTS: THAT WE, QUENDALL TERMINALS
of RENTON, WASHINGTON, as Principal, and GULF INSURANCE COMPANY
MISSOURI a corporation organized under the laws of the State of
State of Washington, as Surety, are held and firmly bound unto the STATE OF WASHINGTON, in
the full and just sum of SEVEN THOUSAND AND NO/100THS DOLLARS
(\$ 7,000.00), for which sum, well and truly to be paid, we bind ourselves, our heirs,
executors, administrators, successors and assigns, jointly and severally firmly by these
presents.

SEALED WITH OUR SEALS AND DATED THIS 28TH DAY OF JANUARY, 19 85.

THE CONDITION OF THIS OBLIGATION IS SUCH THAT:

WHEREAS, the Principal has entered into an agreement with the State of Washington, acting
by and through the Department of Natural Resources, dated effective October 1, 1984,
19 84, under the Lease/Contract No. 2627 for rights described in same for the
following described land situated in the County of _____
State of Washington to wit:

SEE "EXHIBIT A" ATTACHED

WHEREAS, the Principal has been required to file a bond in the sum of SEVEN THOUSAND
AND NO/100THS DOLLARS (\$ 7,000.00), to guarantee compliance with
all terms and conditions of Lease/Contract, issued under Application No. _____
including the payment of all sums due the State and all damages accrued to the State by
reason of operations under this agreement.

NOW, THEREFORE, if the said Principal shall comply with all terms and conditions of said
Lease/Contract as set forth in the preceding paragraph, then this obligation is to be
void, otherwise to remain in full force and effect.

PROVIDED, HOWEVER, That, the Surety may cancel this obligation
y giving three hundred and sixty five (365) days written notice to
tate of Washington, Department of Natural Resources, Marine Land
anagement Division, Olympia, WA 98504

QUENDALL TERMINALS

Approved for general use:

Date November 19, 1984

Signature Principal
Title Robert A. Johnson
Mgr.

P.O. Box 477
Renton, WA 98055

Heather Jones
Assistant Attorney General

Mailing Address

GULF INSURANCE COMPANY

Bond Approval:

Surety

Date _____

P. O. Box 1866
Lafayette, CA 94549-8066

State of California

On this the 28th day of January, 19 85, before me

Cladis C. Koskovich
Notary Public in and for the State of
Washington _____ residing at
Kent



EXHIBIT A

That portion of Lake Washington harbor area lying between the North and South lines produced of Government Lot 5, Section 29, Township 24 North, Range 5 East, W.M., Lake Washington Shorelands, containing 21.49 acres more or less.

Subject to the following easements of record:

1. Easement to Municipality of Metropolitan Seattle for sewage right of way described as follows:

Those portions of the harbor area and bed of Lake Washington, owned by the State of Washington, situate in front of Government Lot 5, Section 29 and bed of Lake Washington, owned by the State of Washington, situate in front of Government Lots 2 and 4, Section 30, all in township 24 North, Range 5 East, W.M., included within the limits of a strip 60 feet in width, having 30 feet of such width on each side of the following described centerline:

Beginning at a point in said Government Lot 5, Section 29, which is N 45° W 1,650.0 feet from the south quarter section corner thereof, thence running N 58° 13' W 85.0 feet, thence N 39° 29' 19" W 782.0 feet, thence N 61° 58' 15" W 1797.0 feet, and thence N 87° 53' 36" E 157.0 feet to a point in said Government Lot 2, Section 30 and the terminal point of this centerline description, having an area of 3.89 acres as shown on the plat thereof on file in the office of the Commissioner of Public Lands at Olympia, Washington.

2. Easement to Puget Sound Power & Light Company for submarine cables described as follows:

Those portions of the harbor area and bed of Lake Washington in front of Government Lots 4 and 5, Section 29, and the bed of lake Washington in front of Government Lot 4, Section 30, all in Township 24 North, Range 5 East, W.M., owned by the State of Washington, included within the limits of a strip 200 feet in width, having 100 feet of such width on each side of the following described centerline:

Commencing at a point on the south line of said Section 29, which is N 88° 49' 22" W 1055.79 feet from the south quarter section corner thereof and running thence N 30° 53' 14" E 821.10 feet, thence N 58° 14' 38" W 578.52 feet, thence N 31° 45' 22" E 49.99 feet, and thence N 48° 01' 56" W 483.51 feet to a point on the inner harbor line and the true point of beginning of this centerline description, thence continuing N 48° 01' 56" W 456.00 feet, and thence N 70° 42' 32" W 1978.04 feet to a point in Government Lot 4, said Section 30, which is S 73° 46' 40" E 1330.23 feet from the center of said Section 30, having an area of 11.18 acres as shown on the plat thereof on file in the office of the Commissioner of Public Lands at Olympia, Washington.